UNITED
NATIONS

A

General Assembly

Distr.
LIMITED

A/CONF.191/IPC/L.5
6 February 2001

Original: ENGLISH

INTERGOVERNMENTAL PREPARATORY COMMITTEE
FOR THE THIRD UNITED NATIONS CONFERENCE
ON THE LEAST DEVELOPED COUNTRIES
Second session
New York, 5 – 9 February 2001

DRAFT REPORT OF THE INTERGOVERNMENTAL PREPARATORY COMMITTEE ON ITS SECOND SESSION

New York, 5 – 9 February 2001

Rapporteur: Mr. R. T. Dogani (United Republic of Tanzania)

Note for delegates

Delegations wishing to make corrections to the summaries of their statements are requested to do so by **Wednesday, 14 February 2001**. Corrections should be sent by phone, fax or eMail to: UNCTAD, Editorial Unit, Palais des Nations, Geneva, phone +(41 22) 907.5656/1066, fax +(41 22) 907.0056, eMail: chris.macfarquhar@unctad.org.

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INTRODUCTION

1. The Intergovernmental Preparatory Committee for the Third United Nations Conference on the Least Developed Countries held its second session at United Nations Headquarters, New York, from 5 to 9 February 2001.

Opening Statements

2. The **Chairman** said that, as decided at the first session of the Preparatory Committee and as provided in General Assembly resolution 55/214, the main task the Committee was to undertake the first reading of the draft Programme of Action (A/CONF.191/IPC/L.4). A draft annotated outline of the Programme of Action had been submitted to the Trade and Development Board, and the draft PoA had been prepared on the basis of the outline.

3. The outcomes of major global conferences and summits, policy developments within relevant multilateral forums, and inputs from country-level preparatory activities had been duly taken into account. A substantive contribution had been made by UN system agencies.

4. The main challenge was to identify national and international measures that would be essential in attaining the target of reducing the number of people living in extreme poverty by one-half by the year 2015. The LDCs constituted the ultimate test case for this target. The question was how to move from rhetoric to action. It was not enough to identify actions; it would be essential for all stakeholders to make commitments to undertake these actions throughout the decade.

5. The draft Programme of Action proposed national policies and external support measure around seven commitments. LDCs would continue to have the primary responsibility for the formulation and effective implementation of the necessary domestic policies and actions. At the same time, the development partners would assist creating an enabling external environment. Underwriting the partnership would be the principles of human dignity and solidarity, shared responsibility, freedom, democracy, equality, common concern for world peace and security, and the well-being of successive generations of humankind.

6. The draft PoA embraced an integrated and long-term approach to the development of LDCs. The ultimate test of its effectiveness would be success in improving the living conditions of the poor, including women. Giving a greater role to market forces and private initiative would greatly facilitate a sustained process of socio-economic growth and poverty eradication. It was only concrete results that could sustain public confidence in the development partnership. To facilitate an objective assessment of results achieved, the draft included a number of quantitative goals and other indicators. An important part of the draft PoA related to mechanisms at all levels for follow-up, review and monitoring.

7. The international community must show that it was resolved to work together with the LDCs to end their poverty, deprivation and hunger. Both LDCs and their partners would need to display courage, goodwill and solidarity to move beyond the status quo and genuinely add value to the collective undertaking on behalf of LDCs.

8. The **Secretary of State for Development Cooperation of Belgium** said that his country would be particularly happy to welcome LDC III to its capital. In the end, the Conference would be judged by its contribution to the LDCs' progress towards attaining international development targets, such as reducing extreme poverty by half, reversing the deterioration of the environment, guaranteeing education for all, as well as gender equality in education, reducing infant and maternal mortality, ensuring health for all and reducing undernourishment. Attainment of these goals would depend on the political will of both poor countries and their development partners. However, only a small group of rich countries had attained the goal of providing 0.7 per cent of their GNP in favour of developing countries. Belgium was not yet part of that group, but it would be increasing its development cooperation budget by 50 per cent during the next three years, continuing its policy in favour of eliminating the debt of the poorest countries, untying its aid and supporting the initiative in favour of the unilateral opening of industrial country markets, bearing in mind that these measures should necessarily be accompanied by measures to combat poverty.

9. The **Deputy Secretary-General of UNCTAD**, referring to the state of preparation for pre-Conference events, said that some events had already taken place, namely (i) a meeting on the Integrated Framework for Trade-Related Technical Assistance, including Human and Institutional Capacity Building, to support LDCs in Trade and Trade-related Activities, organized together with WTO; and (ii) the first part of a meeting on investment organized in Oslo with the support of the Government of Norway. The second part of that meeting would take place in Bonn in March with funding from the Federal Republic of Germany. A number of other pre-Conference events were under preparation, and the majority of them would take place before the end of March 2001. These included: a meeting on energy, supported by Austria, a meeting on trade, supported by the United Kingdom, a meeting on commodities, supported by the Commodity Fund, a meeting on health, supported by Canada, a meeting on education, supported by the United States of America, a meeting on gender, supported by Denmark, Finland, Japan, South Africa and Sweden, and a meeting on tourism, support by Spain. He hoped that the recommendations of these meetings would further contribute to consideration of the draft Programme of Action and help facilitate the adoption of deliverables at the Conference.

10. The global framework provided by the Programme of Action should help the LDCs in the finalization and follow-up of national programmes of action in an innovative and well coordinated manner with the full involvement of all stakeholders. It would also enable development partners to promote effective individual efforts and synergies in the collective

undertaking to enhance human development, advance structural transformation and eradicate poverty in the LDCs.

11. The **Administrator of UNDP**, speaking in his capacity as **Convenor of the United Nations Development Group,** said that the Group had assisted in the preparations for LDC III at the country level through three main activities: working closely with the Conference secretariat on the substantive preparations for the Conference; mobilizing the United Nations country teams to assist the LDCs in preparing their national programmes of action; and helping the LDCs to build effective follow-up and monitoring mechanisms for the implementation of their national programmes of action. He emphasized that the growing and increasingly successful collaborative efforts at the country level among UN entities, Bretton Woods institutions, and their national and international partners had set the stage for the UN system to make a genuinely concerted contribution to the implementation of the global Programme of Action at the country level within the framework of national programmes of action.

12. The representative of the **Islamic Republic of Iran**, speaking on behalf of the **Group of 77 and China**, reiterated the solidarity of the Group with the least developed countries. He commended the action-oriented draft Programme of Action, which responded to the totality of views expressed since the launching of the process. The text was balanced with regard to the responsibilities of the LDCs and their development partners, as well as between the social and economic objectives of development, and it set out a practical and effective framework for follow-up and implementation. He was pleased that the Millennium Summit, in its final declaration, concurred with the objectives set out in the draft Programme of Action, especially with regard to external support measures in the areas of ODA, trade, investment, and debt. The negotiations just commenced provided another opportunity to try to do things differently, to act concretely to support the weakest members of the international community, and to ensure that they could integrate meaningfully and beneficially into the global economy.

13. The representative of **Sweden**, speaking on behalf of the **European Union**, as well as on behalf of the Central and Eastern European countries associated with the European Union (**Bulgaria, Czech Republic, Estonia, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia**) and the associated countries (**Cyprus, Malta and Turkey**), as well as the EFTA country **Iceland**, said the LDCs were very significant partners for the EU, as evidenced by the fact that the EU was hosting the Conference. The Millennium Declaration underpinned the collective responsibility for upholding dignity, equality and equity at the global level and for managing globalization in the interest of the poor to allow faster attainment of international development targets, and it highlighted the special needs of the LDCs. The LDCs and the international community faced a complex challenge, involving both social and economic dimensions. Some LDCs had made progress in recent years, but the overall situation was one of increasing poverty and marginalization. For many LDCs, social stability and peace-building

must be taken fully into account in addressing their needs. HIV/AIDS was also taking a devastating toll in several LDCs. Concomitant with this was a serious gender imbalance – one woman out of three was illiterate. The amount of ODA going to the LDCs had also declined and now amounted to an average of about 0.05 per cent of donor GDP for DAC members. LDC III should be viewed not only as an event but as part of a process for development through good governance, respect for human rights, managing the environment, gender equality, sound and broad-based macroeconomic policies on the one hand and what the international community could do in support of the LDCs on the other, *inter alia* in terms of ODA, trade policies and debt relief to help eradicate poverty. It was essential for the Programme of Action to apply a broad, holistic approach and define synergies and coherent, consistent strategies and policies taking into account national programmes of action and other international agendas. The Programme of Action needed to tie into related processes such as UNDAF and the country assessment strategies of the UN, the Comprehensive Development Framework, the Poverty Reduction Strategy Papers, the HIPC initiative, programmes to combat HIV/AIDS, tuberculosis and malaria, the work of the World Trade Organization and the ongoing Financing for Development process. Effective national, regional and international follow-up mechanisms and criteria would be necessary.

14. The **Coordinator of the LDCs** (Bangladesh) recalled that, at the first session of the Preparatory Committee, the least developed countries had set out the priority areas of action for LDCs, and he was happy that these priorities had found reflection in the Programme of Action. The draft was structured innovatively and offered a good basis for negotiations. It deserved serious and exhaustive consideration. The LDCs would appreciate strong emphasis being placed on ODA, debt relief, FDI inflows and market access, while underlining the importance of the social dimension, which had emerged in the last decade as an issue of overriding importance. More emphasis on capacity-building, as well as on effective follow-up mechanisms for the Programme of Action, was desirable to address the shortcomings that had hampered the implementation of the two previous Programmes of Action.

15. The Preparatory Committee should attempt to make fast progress in view of the short time available before the Conference, without however, neglecting any important issues. The participation of LDC representatives at the final session of the Preparatory Committee and at the Brussels Conference also needed to be reviewed.

16. The representative of **Mali**, speaking on behalf of the **African Group**, stressed that Africa, with its 33 LDCs, was particularly concerned by and interested in the elaboration and adoption of a new Programme of Action for the LDCs. This concern had been reiterated many times, in particular at the thirty-sixth session of the OAU on 12 July 2000 in Lome and at the eighth session of the Conference of Ministers of Finance of ECA on 22 November 2000 in Addis Ababa. He noted that Africa wanted the new Programme of Action to have clear objectives and priorities. The objectives should be quantifiable and result-oriented, and performance indicators

should also be established. The Group insisted that the ideas set out in the "Global Compact with Africa", already accepted by many of Africa's development partners, should be reflected in the new Programme of Action for the LDCs. Finally, he underlined that the preparatory process for LDC III, including the elaboration of the Programme of Action, should be a collaborative process involving all participants.

17. The representative of **Japan** said that his country would give its full support to preparations for LDC III, including the formulation of the Programme of Action. It was hoped that the Programme of Action, which would be one of the most important guidelines for the international community's actions in favour of the LDCs, would be realistic and effective so as to provide a useful basis for cooperation between the LDCs and their development partners. Development assistance was a central element of Japan's policy in respect of LDCs, and Japan assisted the African LDCs through the TICAD process. As far as the implementation of the Programme of Action was concerned, ownership by the LDCs themselves would be imperative. Finally, concerning the preparations for the Conference, his country would be increasing its financial support for the workshop on gender mainstreaming, to be hosted by South Africa in March.

18. The representative of the **United States of America** said that, in an era of generally strong economic growth around the world, it was a dismaying paradox to see countries sliding backwards in terms of economic and social indicators. The international community had a common goal in addressing the question of how more than 600 million of the world's citizens could improve their lives. In this connection, themes requiring examination included the prevention and resolution of armed conflicts in LDCs, the problem of HIV/AIDS, the security of LDCs' citizens, guaranteeing their political rights, and the problem of accountable, transparent and participatory governance. The United States would continue to be a source of capital, know-how and best practices through trade, direct investment, charitable private contributions, or ODA. His country welcomed the opportunity presented by LDC III to review the challenges facing LDCs in improving their living standards and attaining UN social development goals. It believed that the Programme of Action must recognize such preconditions for sustainable development as a peaceful, healthy, transparent and participatory society, without which development strategies and development assistance alike were wasted. The Programme of Action should focus on areas of international consensus, including agreed international goals, and it should emphasize the creation of a constructive national environment for investment and trade and the more effective national use of development assistance, rather than simply calling for increased assistance. It was hoped that the Programme of Action would be such as to help the LDCs realize a better future for their people.

19. The representative of **Turkey** said that the least developed countries represented the hard core of the problem of marginalization in the world economy. A new approach to international

development cooperation was important, and the Programme of Action could provide good guidance in that respect. International economic institutions and organizations, multinational companies and NGOs could play an important role in obtaining the goals of LDC III, and that should be reflected in the Programme of Action.

20. The world was changing more rapidly than ever before, and the peoples of the world must benefit equitably. With increased openness of both trade and financial flows, the global environment would be more competitive, and it was of primary importance to strengthen domestic financial markets and to address macroeconomic imbalances.

21. One of the greatest challenge was to eradicate poverty through sustained development. That challenge by its very nature must be addressed by the international community, but developments in that respect were not encouraging. Long-term capital flows to least developed countries had declined, and almost two-thirds of the LDCs had an unsustainable external debt burden. Declining commodity prices had further weakened LDCs' debt servicing capacity. LDC III could therefore be a good opportunity for the international community to commit itself to revitalizing the LDCs' growth and development.

22. The proper functioning of the multilateral trading system could only be achieved by ensuring the full participation of all countries, particularly the least developed countries. Announcements relating to improved market access for imports from LDCs were welcome, and his country would be introducing additional preferential market access measures for LDCs. It would continue to provide assistance to LDCs within its capabilities.

23. The representative of **Mexico** said that LDC III should launch a new Programme of Action that would give the great majority of countries the tools to enable them to integrate into the world economy. In seeking to achieve sustainable development, the LDCs faced severe internal and external problems, and these could only be overcome through concerted national and international action based on justice and equity. The basic challenge was to forge a strong global partnership based on broad international commitments designed to provide effective support for the LDCs in their domestic efforts to achieve rapid and sustainable growth. Advantage must be taken of the synergies resulting from the follow-up to the major United Nations Conferences of the 1990s, as well from the Millennium Summit, with its call to reduce poverty and provide basic levels of education and health services. The draft Programme of Work provided an excellent basis for the work of the Preparatory Committee.